A

DEKA MARKETING SDN BHD v. SHOPEE MOBILE MALAYSIA SDN BHD

HIGH COURT MALAYA, KUALA LUMPUR
MOHD RADZI HARUN J
[CIVIL SUIT NO: WA-221P-35-06-2020]
30 JULY 2021

B

CIVIL PROCEDURE: *Summary judgment – Triable issues – Main action on infringement of trademark – Whether issues raised fell squarely within meaning of triable issues – Whether issues could be decided summarily – Whether court ought to hear evidence from witnesses – Whether requirements for summary disposal of case met – Rules of Court 2012, O. 14 & O. 14A*

C

The plaintiff, since its establishment in 2009, was in the main business of production of electrical and wiring systems, which included the manufacturing of ceiling, wall and table fans and water heater, bearing the plaintiff's 'DEKA' trademark. 'DEKA' trademark had been in effect since 17 September 2009. To protect its business and trade interests, only exclusive distributors and authorised dealers appointed by the plaintiff were allowed to sell its products. The plaintiff thus regarded any form of sale or advertising to the public, any of the products bearing the DEKA trademark without its permission, tantamount to misuse and infringement. The plaintiff averred, *inter alia*, that the defendant, commercially known as 'Shopee', on its own or through its act of allowing and permitting 46 resellers utilising the Shopee platform and/or the Shopee website, had conducted businesses involving the products bearing the 'DEKA' trademark, including the advertising, distribution, publication and offer for sale of the said products, without the plaintiff's licence, permission or authorisation. The plaintiff, in encl. 7, prayed for injunctive and declaratory orders sought in its main suit against the defendant to be granted summarily under O. 14 of the Rules of Court 2012 ('ROC'), citing the defendant's unmeritorious defences and that there existed no issues to be tried as its main grounds of the application. On the other hand, the defendant, *vide* encl. 25, asked the court to exercise its powers under O. 14A and/or O. 33 of the ROC contending that the questions of law raised could appropriately be determined pursuant to O. 14A r. 1(1), with the final outcome that the plaintiff's suit be dismissed pursuant to O. 14A r. 1(2), should this court decide the questions in favour of the defendant.

D

E

F

G

H

Held (dismissing plaintiff's encl. 7 with costs and dismissing defendant's encl. 25):

I

(1) The issues raised by the defendant fell squarely within the meaning of triable issues. The issues included: (i) that being an online marketplace platform, the defendant did not carry out distribution or retail marketing of electrical or household products; (ii) despite being the registered

owner of the 'DEKA' trademark, the plaintiff did not have any right to prevent any seller who trades the plaintiff's products by accurately describing the product by its brand name; (iii) no one was prohibited from reselling the plaintiff's products once those products were sold and the title of the goods was passed to the said seller/reseller; (iv) the plaintiff's claims against the defendant instead gave rise to concerns under the Competition Act 2010; (v) the third party sellers using the impugned Shopee platform were independent with no contractual or business associations with the defendant; (vi) the defendant did not advertise, publish, sell or make offers for the sale of products listed on its Shopee marketplace; and (vii) the plaintiff's products placed for sale by the said sellers on the defendant's platform did not, in any manner, infringe the plaintiff's DEKA trademark. Even if it did, the quarrels should be between the plaintiff, the resellers and the plaintiff's so-called authorised dealers/exclusive distributors. Further, the issues raised by the plaintiff in support of its application were triable issues that could not be determined summarily by this court's discursive appreciation of the affidavit evidence. (paras 31 & 32)

(2) The plaintiff's contention that it had the legitimate right to file the main action for infringement of its DEKA trademark against the defendant (i) to protect the plaintiff's trademark, and its business and trade interests; and (ii) due to the defendant's use of the Shopee platform (including the defendant's act of permitting the resellers to trade on its Shopee platform) to market the defendant's products bearing the DEKA trademark without the plaintiff's authorisation as only exclusive distributors and authorised dealers appointed by the plaintiff were allowed to sell its products, were issues that could only be finally determined by this court upon having the benefit of hearing evidence from witnesses. It would be unjust for this court to make a final determination of the plaintiff's claims without having the benefit of hearing evidence from witnesses, including evidence and/or reports of expert witnesses, and access to documentary evidence at a full trial. (paras 33 & 35)

(3) Order 14A could be resorted to in disposing a case when the following requirements are met: (i) there is no dispute between the parties as to the relevant facts; (ii) the court, from its scrutiny of the pleadings, concludes that the material facts are not in dispute; and (iii) the issues of fact are not interwoven with the issues of law. The defendant had not met the requirements, in that, the facts and issues involved in the action against the defendant were in dispute and the facts were interwoven with the issues of law. The issues raised by the defendant comprised assertion, denial and dispute which did not lack in precision, not inconsistent with undisputed contemporary documents or other statements made by the same deponent and was not inherently improbable in itself. (paras 30, 44 & 48)

Case(s) referred to:

Acushnet Company v. Metro Golf Manufacturing Sdn Bhd [2006] 7 CLJ 557 HC ***(refd)***

Affin Credit (1991) Sdn Bhd v. Dato' Hj Raun Djalil Atmosumarto [2004] 4 CLJ 337 FC ***(refd)***

Arsenal Football Club Pic v. Reed [2003] 3 All ER 865 ***(refd)***

Bank Negara Malaysia v. Mohd Ismail Ali Johor & Ors [1992] 1 CLJ 653; [1992] 2 CLJ (Rep) 186 HC ***(refd)***

Bayerische Motorenwerke AG (BMW) v. Deenik [1999] All ER (EC) 235 ***(refd)***

Calvin Klein Inc And Anor v. HS International Pte Ltd And Others [2016] 5 SLR 1183 ***(refd)***

Cempaka Finance Bhd v. Ho Lai Ying & Anor [2006] 3 CLJ 544 FC ***(refd)***

Director Of Forests, Sarawak & Anor v. Racha Urud & Ors And Other Appeals [2017] 5 CLJ 389 FC ***(refd)***

Dream Property Sdn Bhd v. Atlas Housing Sdn Bhd [2007] 6 CLJ 741 CA ***(refd)***

Fabrique Ebel Societe Anonyme v. Sykt Perniagaan Tukang Jam City Port & Ors [1989] 1 CLJ 919; [1989] 1 CLJ (Rep) 537 HC ***(refd)***

Google France SARL And Another v. Louis Vuitton Mlletier SA (Joined cases C0236-238-08) [2011] All ER (EC) 411 ***(refd)***

Kenwood Electronics (M) Sdn Bhd & Anor v. Profile Spec (M) Sdn Bhd & Others [2007] 2 CLJ 732 HC ***(refd)***

L'Oreal SA v. eBay International Ag And Others C-324/09 [2012] All ER (EC) 501 ***(refd)***

L'Oreal SA And Others v. Bel Lure And Others (Case C-487-07) [2010] All ER (EC) 28 ***(refd)***

Leo Pharmaceutical Products Ltd A/S (Lovens Kemiske Fabrik Produktionsaktieselskab) v. Kotra Pharma (M) Sdn Bhd (No 2) [2012] 10 CLJ 507 HC ***(refd)***

Mutiara Rini Sdn Bhd v. The Corum View Hotel Sdn Bhd [2015] 1 LNS 1197 HC ***(refd)***

National Company For Foreign Trade v. Kayu Raya Sdn Bhd [1984] 2 CLJ 220; [1984] 1 CLJ (Rep) 283 FC ***(refd)***

Parfums Christian Dior SA And Another v. Evora BV (Case C-189/95) [1997] All ER (D) 54 ***(refd)***

Samsonite IP Holdings Sari v. An Sheng Trading Pte Ltd [2017] 4 SLR 99 ***(refd)***

Thein Hong Teck & Ors v. Mohd Afrizan Husain & Another Appeal [2012] 1 CLJ 49 FC ***(refd)***

Tiffany (NJ) Inc v. eBay Inc, 600F.3d 93 ***(refd)***

Tohtonku Sdn Bhd v. Superace (M) Sdn Bhd [1992] CLJ 1153; [1992] 1 CLJ (Rep) 344 SC ***(refd)***

Winthorp Products Inc & Anor v. Sun Ocean (M) Sdn Bhd & Anor [1988] 1 LNS 21 HC ***(refd)***

Legislation referred to:

Rules of Court 2012, O. 14 rr. 2, 3, O. 14A r. 1(1), (2), O. 33

Trademarks Act 2019, ss. 54(2)(a), (3), 55

Trademarks Act 2005 (Cap 332) [Sing], s. 27(1)

For the plaintiffs - YC Pang & Adrian Ng Chen Yip; M/s YC Pang, Chong & Gordon
For the defendant - Shanti Mogan, Lilien Wong & Yiew De Quan; M/s Shearn Delamore & Co

Reported by S Barathi

JUDGMENT

Mohd Radzi Harun J:

Background

[1] This court had dismissed the plaintiff's O. 14 and the defendant's O. 14A applications. Aggrieved, both the plaintiff and the defendant' filed this appeal. These grounds would apply to both appeals.

Plaintiff's Enclosure 7

[2] In encl. 7, the plaintiff prayed for the injunctive and declaratory orders it is seeking in its main suit against the defendant to be granted summarily under O. 14 of the Rules of Court 2012 ("ROC"), citing the defendant's unmeritorious defences and that there exist no issues to be tried as its main grounds of the application.

[3] I shall briefly state the plaintiff's case and the defendant's defence.

[4] The main business of the plaintiff's company since its establishment in 2009 is the production of electrical and wiring systems which include the manufacturing of ceiling, wall and table fans and water heater bearing the plaintiff's "DEKA" trademark. That "DEKA" trademark registration no. 09016273 has been in effect since 17 September 2009, and has since been renewed until 17 September 2029.

[5] The plaintiff's affidavit in support of its application ("AIS") deposed by its Managing Director Allan Lee Tuck Wah on 18 September 2020 averred that to protect its business and trade interests, only exclusive distributors and authorised dealers appointed by the plaintiff are allowed to sell its products. The plaintiff thus regards any form of sale or advertising to the public, any of the products bearing the DEKA trademark without its permission, would tantamount to misuse and infringement of the plaintiff's exclusive rights over its trademark.

[6] The plaintiff averred that the defendant, commercially known as "Shopee", on its own or through its act of allowing and permitting 46 resellers with usernames as enumerated in para. 20.1 of the AIS, utilising the Shopee platform and/or the Shopee website, had conducted businesses involving the products bearing the "DEKA" trademark, including the advertising, distribution, publication and offer for sale of the said products, without the plaintiff's licence, permission or authorisation.

[7] The plaintiff further averred that the payments by the purchasers of the plaintiff's infringing products were made directly to the defendant, with selling price of the said plaintiff's products offered by the defendant or its permitted sellers in the defendant's Shopee platform and its website at a much lower price point than the retail price that was set by the plaintiff for its exclusive distributors and authorised dealers.

[8] The plaintiff further contends that the nature of its products, being home electrical appliances, warrants strict and stringent quality control to ensure the products' safety when used by the end-purchasers.

[9] Based on the defendant's terms of service, the plaintiff stated that the defendant has ultimate control and direct supervision over the sellers and plays active role in the business transactions between the sellers and the buyers using the defendant's Shopee platform and/or website. It is entirely the defendant's responsibility to ensure that any products offered for sale on its platform shall comply with the defendant's own intellectual property rights terms and conditions. That condition had not been complied with by the defendant.

[10] Despite the plaintiff's numerous notices and complaints, as enumerated in para. 30.6 of the AIS, the defendant continues to infringe the plaintiff's trademark.

[11] The plaintiff contends that as a registered trademark owner of the impugned products bearing the DEKA trademark, it not merely possesses the right to commence a trademark infringement proceeding involving counterfeit goods. It has the legal right to proceed actions against parties who have used its registered trademark without its license, authority and consent. Aside from that, it also has the right to uphold its exclusive rights over the trademark to maintain and protect the intrinsic values and distinctiveness of the DEKA trademark.

[12] In its affidavit in reply deposed by Mok Wei Kean on 23 October 2020, the defendant claimed that being an online marketplace platform, it does not carry out distribution or retail marketing of electrical or household products. The defendant sets out unequivocally its case that it is not the plaintiff's competitor in respect of the plaintiff's products bearing the "DEKA" trademark.

[13] It is the defendant's argument that the plaintiff, despite being the registered owner of the "DEKA" trademark, does not have any right to prevent any seller who trades the plaintiff's products by accurately describing the product by its brand name and that no one is prohibited from reselling the plaintiff's products once those products are sold and the title of the goods passed to the said seller/reseller. Thus, the plaintiff's claims that its products are being sold on the defendant's Shopee platform and website without the plaintiff's prior permission and authorisation was without legal basis.

[14] The defendant also averred that the plaintiff's claims give rise to concerns under the Competition Act 2010 which, *inter alia*, prohibits agreements that restrict re-selling and have as its object or effect of preventing, restricting or distorting competition in the market, and prohibits an enterprise in any conduct which amounts to an abuse of dominant position in any market for goods or services.

[15] It is the defendant's further averments that:

(i) the third party sellers using its Shopee platform are independent with no contractual or business associations with the defendant;

(ii) the defendant is neither the agent nor representative of these sellers;

(iii) the defendant does not advertise, publish, sell or make offers for the sale of products listed by the sellers which include the alleged infringing products of the plaintiff. Instead those sellers, who own accounts on the defendant's platform, were the party that upload listings and placed the said products for sale on the defendant's platform. All transactions pertaining to the said products would be directly between the said sellers and the buyers, and the purchased products would be shipped to the end-purchasers by the said sellers directly.

(iv) the defendant's terms of service strictly prohibit sellers from listing for sale any counterfeit products or items that infringe the trademarks of any party;

(v) the plaintiff's products placed for sale by the said sellers on the defendant's platform do not in any manner infringed the plaintiff's DEKA trademark;

(vi) even if those products were to have infringed the plaintiff's trademark, it would be the said sellers and not the defendant that should be held accountable;

(vii) if anything, the plaintiff's claim hinges on a contractual matter pertaining to authorisation, which the plaintiff should deal with its own authorised dealers or exclusive distributors or those sellers, and not the defendant.

[16] Besides citing the trite principles governing an O. 14 application as laid down by the Federal Court in its oft-cited decision of *Cempaka Finance Bhd v. Ho Lai Ying & Anor* [2006] 3 CLJ 544, the plaintiff's counsel submitted that this court should be hasty in allowing the plaintiff's summary judgment application as it has presented a plain and obvious case where the plaintiff has provided an irrebuttable evidence that it is the registered proprietor of the impugned DEKA trademark, see: High Court decisions in *Fabrique Ebel Societe Anonyme v. Sykt Perniagaan Tukang Jam City Port & Ors* [1989] 1 CLJ 919; [1989] 1 CLJ (Rep) 537, *Acushnet Company v. Metro Golf Manufacturing Sdn Bhd* [2006] 7 CLJ 557, and *Mutiara Rini Sdn Bhd v. The Corum View Hotel Sdn Bhd* [2015] 1 LNS 1197; [2016] 7 MLJ 771.

[17] The plaintiff's counsel submitted at length on the differences between the underlying concept of trademark protection afforded under the old Trade Marks Act 1976 and the new regime provided under the Trademarks Act 2019. He went on to articulate on the legal concept of origin and quality

function of trademark by making reference to numerous oft-cited authorities decided prior to the coming into effect of the Trademarks Act 2019 (see, for example *Leo Pharmaceutical Products Ltd A/S (Lovens Kemiske Fabrik Produktionsaktieselskab) v. Kotra Pharma (M) Sdn Bhd (No 2)* [2012] 10 CLJ 507; *Tohtonku Sdn Bhd v. Superace (M) Sdn Bhd* [1992] CLJ 1153; [1992] 1 CLJ (Rep) 344). Having referred to the UK's Court of Appeal case of *Arsenal Football Club pic v. Reed* [2003] 3 All ER 865, and the decision of the Court of Justice of the European Communities in *Arsenal Football Club Pic v. Reed* (Case C-206-01) [2003] All ER (EC) 1, which had been consistently followed by many subsequent cases (see *L'Oreal SA And Others v. Bel Lure And Others* (Case C-487-07) [2010] All ER (EC) 28; *Google France SARL And Another v. Louis Vuitton Mlletier SA* (Joined cases C0236-238-08) [2011] All ER (EC) 411), the plaintiff's counsel submitted that the origin and quality function of trademark is considered as the essential function of a trademark which seeks to ensure that consumers are not confused or misled by the existence of identical or similar marks for identical or similar products.

[18] That proposition, submitted the plaintiff's counsel has changed with the development that has taken place in the modern world, which has expanded that original or primary essential function to include advertising and goodwill, which underpins the Trademarks Act 2019, having recognised trademark as property, and thus to afford the plaintiff a trademark protection against the defendant would not require the plaintiff to prove likelihood of confusion on the part of the public.

[19] The plaintiff's counsel argued that this court must allow the plaintiff's O. 14 application as it has fulfilled the requirement of s. 54 of the Trademarks Act 2019 in that the defendant has used a sign which is identical with the plaintiff's DEKA trademark in relation to goods offered in the course of the defendant's trade which is identical to the plaintiff's goods for which that trademark was registered without the plaintiff's consent. He went on at length to explain the meaning and significance of the words "use" and "sign" found in the Trademarks Act 2019, the Trademarks Regulations 2019 and the WIPO's Joint Recommendation in 2001 which address the trademarks used on the internet, internet auction sites, and in the virtual world.

[20] In essence, the plaintiff's counsel submitted that this court no longer is restricted to the tests under the old Trade Marks Act 1976 of "whether the use of the allegedly infringing sign is likely to be taken as importing a reference to the registered proprietor or the registered user or to their goods or services", but instead to adopt different tests and may include "whether the use of the allegedly infringing signs is liable to affect the functions of the registered trademark."

[21] The Singapore High Court in *Calvin Klein Inc And Anor v. HS International Pte Ltd And Others* [2016] 5 SLR 1183 has laid down that one of the requirements for infringement under s. 27(1) of Singapore's Trademarks Act 2005 (in *pari materia* with s. 54(1) of our Trademarks Act 2019) is the identity between the sign and the trademark, and the goods and services ("double identity"), both of which have been shown by the plaintiff.

[22] The plaintiff's counsel further argued that this court should grant the plaintiff's application under O. 14 ROC based on the plaintiff's responses to the defendant's claims stating, among others, that:

(i) the defendant has misconceived the plaintiff's cause of action in particular to the extent of the plaintiff's exclusive rights as a registered proprietor over its DEKA trademark. This is premised, among others, on the fact that plaintiff's claims were initiated to preserve the plaintiff's exclusive rights over the DEKA trademark, and aimed at the use of that trademark for sale, advertising and such without the consent, license and authority of the plaintiff;

(ii) the defendant's claim regarding competition law is baseless as the plaintiff's trademark and rights conferred to the plaintiff therewith cannot be characterised as a subject under the Competition Act 2010;

(iii) the defendant's active role and involvement as an online marketplace operator which entails, among others, optimising the presentation of the plaintiff's products and make them liable for the offers for sale in question or promoting them, would properly characterise the activities of the defendant's business therein. Those actions of the defendant which was without the plaintiff's permission, license, consent or authority would make the defendant liable for trademark infringement (see: *Loriel SA And Others v. eBay International AG And Others* [2012] All ER (EC) 501; *Calvin Klein Inc And Anor* (*supra*))

[23] The defendant's counsel argued that the plaintiff's application should be dismissed as its claims were misconceived on the following reasons:

(i) the plaintiff itself runs a flagship store on Lazada, another online marketplace equivalent to the defendant's Shopee, where the plaintiff itself – not Lazada – that is selling or offering to sell the plaintiff's products;

(ii) no law that prohibits the reselling of products that have been purchased without having to get prior consent or authorisation from the brand owner, as the title of the goods has passed to third parties;

(iii) the plaintiff's complaints that those 46 resellers should not be selling the plaintiff's products bearing the trademark "DEKA" as they are unauthorised dealers/distributors should be made against the said authorised dealers/distributors, which would entail a separate claim

involving the plaintiff, the 46 resellers and the authorised dealers/ distributors. This would be an issue that cannot be resolved through this current summary judgment application. The defendant's counsel submitted at great length on this issue by making reference, *inter alia*, to s. 54(2)(a) and s. 54(3), and the decisions in *Kenwood Electronics (M) Sdn Bhd & Anor v. Profile Spec (M) Sdn Bhd & Others* [2007] 2 CLJ 732; [2007] MLJU 94; *Winthorp Products Inc & Anor v. Sun Ocean (M) Sdn Bhd & Anor* [1988] 1 LNS 21; [1988] 2 MLJ 317; *Tiffany (NJ) Inc v. eBay Inc*, 600F.3d 93; *Parfums Christian Dior SA And Another v. Evora BV* (Case C-189/95) [1997] All ER (D) 54; *L'Oreal SA v. eBay International Ag And Others* C-324/09 [2012] All ER (EC) 501; *Bayerische Motorenwerke AG (BMW) v. Deenik* [1999] All ER (EC) 235; *Samsonite IP Holdings Sari v. An Sheng Trading Pte Ltd* [2017] 4 SLR 99; and

(iv) the defendant merely provides the platform enabling the third party sellers to put their goods for sale and for buyers to purchase them. The buyers will liaise with the sellers directly, not with the defendant. Thus, the defendant does not advertise, publish, sell, make offers of the plaintiff's products listed in the Shopee platform for sale by those 46 resellers.

[24] The defendant's counsel further submitted that this court cannot grant the plaintiff's summary judgment application as doing so would mean the court is acceding to the plaintiff's legally flawed prayers, which include an injunction that will not only be limited to prohibiting the resellers in question but other present and future sellers, and permanent prohibition on the selling of goods that has the effect of restricting legitimate trade, which is wrong in law.

Finding

[25] It is well-established and already settled law that once an O. 14 application is demonstrated to be correctly and properly filed, the burden shifts and thus rests on the other party who seeks to resist the application to raise a defence which shows a "*bona fide* triable issue", in the sense of an issue which justifies and warrants the matter to be considered at the trial proper.

[26] This is entirely in keeping with the requirements of O. 14 r. 3 of the ROC 2012, which essentially means that unless the defendant satisfies the court with respect to the claim, or part of a claim, to which the application relates that:

(i) there is an issue or question in dispute which ought to be tried; or

(ii) there ought for some other reason to be a trial of that claim or part,

this court may give such judgment for the plaintiff on that claim or part as may be just having regard to the nature of the remedy or relied on claimed. This is in keeping with the principle laid down by the former Supreme Court

in its oft-quoted decision of *National Company For Foreign Trade v. Kayu Raya Sdn Bhd* [1984] 2 CLJ 220; [1984] 1 CLJ (Rep) 283; [1984] 2 MLJ 300 where it was decided:

> We think it appropriate to remind ourselves once again that in every application under Order 14, the first considerations are
>
> (1) whether the case comes within the Order; and
>
> (2) whether the plaintiff has satisfied the preliminary requirements for proceeding under Order 14. For the purposes of an application under Order 14, the preliminary requirements are:
>
> (i) the defendant must have entered an appearance;
>
> (ii) the statement of claim must have been served on the defendant; and
>
> (iii) the affidavit in support of the application must comply with the requirements of Rule 2 of the Order 14.
>
> ... If the plaintiff fails to satisfy either of these considerations, the summons may be dismissed. If however, these considerations are satisfied, the plaintiff will have established a *prima facie* case and he becomes entitled to judgment. The burden then shifts to the defendant to satisfy the Court why judgment should not be given against him.

[27] The proposition in *National Company For Foreign Trade* (*supra*) was reaffirmed and elaborated further in another judgment of the former Supreme Court in *Bank Negara Malaysia v. Mohd Ismail Ali Johor & Ors* [1992] 1 CLJ 653; [1992] 2 CLJ (Rep) 186; [1992] 1 MLJ 400 where it was held that upon having satisfied that the O. 14 applicant has fulfilled the preliminary requirements, the court should then turn its focus on the respondent to examine, through the affidavit evidence, that the respondent's defence has not only raised an issue, but also that the said issue is triable. The Supreme Court elucidated that the determination of whether an issue is or is not triable depends on the facts or the law arising from each case as disclosed in the affidavit evidence before the court. There is no necessity for a complete defence be shown. Instead, the defence need only show that there is a triable issue. What exactly is "triable issue" within the context of an O. 14 application? The court went on further to hold:

> Under an O. 14 application, the duty of a judge does not end as soon as a fact is asserted by one party, and denied or disputed by the other in an affidavit. Where such assertion, denial or dispute is equivocal, or lacking in precision or is inconsistent with undisputed contemporary documents or other statements made by the same deponent, or is inherently improbable in itself, then, the judge has a duty to reject such assertion or denial, thereby rendering the issue not triable. Unless this principle is adhered to, a judge is in no position to exercise his discretion judicially in an O. 14 application.

[28] Applying those authorities, I am satisfied that the plaintiff was entitled to the judgment it was seeking as it has established a *prima facie* case when:

(i) its statement of claim has been served on the defendant;

(ii) the defendant has entered its appearance; and

(iii) the affidavit in support of the application complied with the requirements of O. 14 r. 2 of the ROC 2012.

[29] The burden then shifted to the defendant to satisfy the court why judgment should not be given against it. At this point, this court has to be satisfied on affidavit evidence that the defence has not merely raised an issue, but triable issue. How do I determine whether an issue raised by the defendant is or is not triable? The authorities that 1 had cited clearly instructed me to make such determination based on the facts or the law arising in this case as disclosed in the affidavit evidence before this court.

[30] I was satisfied that the issues raised by the defendant based on its affidavit, and as I had enumerated briefly in the preceding paragraphs, comprised assertion, denial and dispute which do not lack in precision, not inconsistent with undisputed contemporary documents or other statements made by the same deponent, and is not inherently improbable in itself.

[31] 1 concluded that the issues raised by the defendant which include:

(i) that being an online marketplace platform, the defendant does not carry out distribution or retail marketing of electrical or household products;

(ii) despite being the registered owner of the "DEKA" trademark, the plaintiff does not have any right to prevent any seller who trades the plaintiff's products by accurately describing the product by its brand name;

(iii) no one is prohibited from reselling the plaintiff's products once those products are sold and the title of the goods passed to the said seller/reseller;

(iv) the plaintiff's claims against the defendant instead gave rise to concerns under the Competition Act 2010;

(v) the third party sellers using the impugned Shopee platform are independent with no contractual or business associations with the defendant;

(vi) the defendant does not advertise, publish, sell or make offers for the sale of products listed on its Shopee marketplace; and

(vii) the plaintiff's products placed for sale by the said sellers on the defendant's platform does not in any manner infringed the plaintiff's DEKA trademark. Even if it does, the quarrels should be between the

plaintiff, the resellers and the plaintiff's so-called authorised dealers/ exclusive distributors, fell squarely within the meaning of triable issues as explained in *Bank Negara Malaysia v. Mohd Ismail & Ors* (*supra*).

[32] Not only I found the issues raised by the defendant being triable, I was also satisfied that the issues raised by the plaintiff in support of its application herein are triable issues that cannot be determined summarily by this court's discursive appreciation of the affidavit evidence.

[33] It is my finding that the plaintiff's contention that it has the legitimate right to file the main action for infringement of its DEKA trademark against the defendant:

(i) to protect the plaintiff's trademark, and its business and trade interests; and

(ii) due to the defendant's use of the Shopee platform (including the defendant's act of permitting the resellers to trade on its Shopee platform) to market the defendant's products bearing the DEKA trademark without the plaintiff's authorisation as only exclusive distributors and authorised dealers appointed by the plaintiff are allowed to sell its products, are issues that can only be finally determined by this court upon having the benefit of hearing evidence from witnesses.

[34] It is my finding further that the subject pertaining to the underlying concept of trademark protection afforded under the old Trade Marks Act 1976 and the new regime provided under the Trademarks Act 2019, and the plaintiff's counsel's articulation on the legal concept of origin and quality function of trademark, that were discussed at length in the written submissions of counsels of both parties are matters that involve questions of facts and law, that should be canvassed by counsels during submissions at the end of a full trial, for the purpose of completeness of their arguments on the issues raised in the pleadings.

[35] Having considered the evidence before me in the affidavits of both parties, I was satisfied beyond doubt that it would be unjust for this court to make a final determination of the plaintiff's claims without having the benefit of hearing evidence from witnesses, including evidence and/or reports of expert witnesses, and access to documentary evidence at a full trial. I would not be able to make the final determination sought by the plaintiff merely by relying on the evidence in the affidavits.

[36] Based on the above considerations, I dismissed the plaintiff's encl. 7 with costs of RM10,000.

Defendant's Enclosure 25

[37] In encl. 25, the defendant asked this court to exercise its powers under O. 14A and/or O. 33 of the ROC 2012 to determine the following five questions:

(i) whether the plaintiff has the right in law to restrict the resale of authentic products bearing the "DEKA" mark ("Deka products") on the defendant's online marketplace (www.shopee.com.my) ("platform");

(ii) whether the advertising, distributing, marketing and/or offering for sale of Deka products on the platform gives rise to a cause of action for trademark infringement against the persons advertising, distributing, marketing and/or offering for sale Deka products on the platform ("resellers").

(iii) if the answer to (ii) above is in the affirmative, whether the resellers are liable to the plaintiff for trademark infringement;

(iv) if the answer to (iii) above is in the affirmative, can claims for trademark infringement be made against the defendant by reason of the alleged advertising, distribution, marketing and/or offering for sale of Deka products by the resellers on the platform; and

(v) if the answer to (iv) above is in the affirmative, can findings of infringement be made against the defendant without the resellers being made parties to the proceedings.

[38] The defendant contended that those are five questions of law that could appropriately be determined by this court pursuant to O. 14A r. 1(1), with the final outcome that the plaintiff's suit be dismissed pursuant to O. 14A r. 1(2), should this court decide these questions in favour of the defendant.

[39] As for the first question, it is the defendant's position that the answer is in the negative simply because once the plaintiff's product is sold, title to that product is passed to the purchaser who would then is at liberty to do anything he wishes to that product including to resell the product to anyone.

[40] On the second question, the defendant's counsel mirrored its submission in opposing the plaintiff's O. 14 application in that ss. 54 and 55 of the Trademarks Act 2019 do not prohibit the act of reselling as per the facts here, and that the act of reselling does not fall under the ambit of trademark infringement as provided under the law. The defendant's counsel submitted at great length on this issue by making reference, *inter alia*, to the decisions in *Kenwood Electronics (M) Sdn Bhd And Anor (supra)*; *Winthorp Products Inc & Anor* (*supra*); *Tiffany (NJ) Inc v. eBay Inc* (*supra*); *Parfums Christian Dior SA* (*supra*); *L'Oreal SA v. eBay International Ag And Others* (*supra*), *Bayerische Motorenwerke AG (BMW)* (*supra*) and *Samsonite IP Holdings Sari* (*supra*) to support its contention that the defendant merely provides the Shopee platform to enable the third party sellers to put their goods for sale and for buyers to purchase them. The buyers will liaise with the sellers directly, not with the defendant. Thus, the defendant does not advertise, publish, sell, make offers of the plaintiff's products listed in the Shopee

platform for sale by those 46 resellers. Based on the above, the defendant argued that this court must also answer the second question in the negative. Consequentially, the third and fourth questions must also be answered in the negative.

[41] As the plaintiff's claims against the defendant are premised on the actions of the 46 resellers whom had been alleged to have conducted the sale of the plaintiff's products without the plaintiff's permission and authority, this court cannot make any ruling affecting these 46 sellers without them be given opportunity to be heard. It follows therefore, the answer to the fifth question is in the affirmative in that this court cannot make any finding of infringement against the defendant without these resellers being made parties to the proceedings.

[42] The plaintiff's counsel submitted, correctly, that an O. 14A application is only limited to purely questions of law or construction of any document, and cannot be resorted to determine questions of fact which must be concluded after a full trial.

[43] The plaintiff's counsel argued that all the questions framed by the defendant in its application must be answered in the affirmative and as such, the defendant's encl. 25 shall be dismissed.

Findings

[44] The principles governing an application under O. 14A and O. 33 of the ROC 2012 have been laid down in a plethora of authorities. The Federal Court in *Thein Hong Teck & Ors v. Mohd Afrizan Husain & Another Appeal* [2012] 1 CLJ 49, citing with approval the case of *Dream Property Sdn Bhd v. Atlas Housing Sdn Bhd* [2007] 6 CLJ 741 held that O. 14A can be resorted to in disposing a case when the following requirements are met:

(i) there is no dispute between the parties as to the relevant facts;

(ii) the court, from its scrutiny of the pleadings, concludes that the material facts are not in dispute; and

(iii) the issues of fact are not interwoven with the issues of law.

[45] In *Director Of Forests, Sarawak & Anor v. Racha Urud & Ors And Other Appeals* [2017] 5 CLJ 389; [2017] 4 MLJ 42, the Federal Court laid down the test in determining whether the question of law or construction was suitable to be determined and disposed of under O. 14A and/or O. 33 in the following words:

> [35] On the applicability and the approach to be taken by the court in exercising its powers and discretion under O. 14A, we refer to the commentary on O. 14A appearing in the Malaysian Court Practice (Practitioner Edition), a publication of the Malayan Law Journal at pp. 125-127 which reads as follows:

A [14A. 1.3.] Suitable question of law or construction

The question of law or construction must be suitable to be determined without the full trial of the action. The test of whether the question of law or construction is 'suitable' to be determined under this order is whether all the necessary and material facts
B relating to the subject matter of the question have been duly proved or admitted, and this postulates that there is no dispute or no further dispute as to the relevant facts at the time when the court proceeds to determine the question. The suitability of disposing of an action under this order depends entirely on whether the court can determine the question of law raised
C without a full trial of the action. For example see *Manganmal Jhamatmal Lalwani v. NE Vickerama* [2001] 1 SLR 90 (where the plaintiff made an application for a ruling on the preliminary issue as to whether there was an issue estoppel) ...

[46] In essence, the Federal Court held that the test in determining whether
D the question of law or construction was suitable to be determined and disposed of under O. 14A are:

(i) whether all the necessary and material facts relating to the subject matter of the question have been duly proved or admitted;

E (ii) that there exist no dispute or further dispute as to the relevant facts at the time when the court proceeds to determine the questions posed; and

(iii) the answer whether or not it is suitable for disposing an action under O. 14A is whether the court can determine those questions of law raised without a full trial of the action.

F **[47]** It would be an error for me to disallow the defendant's application under O. 14A only grounded on reasons that I found the questions of law raised are complicated. Neither could I make a finding simply by skimping through the pleadings of parties and the submissions. What I must do, which I did here, is to identify and make a proper appraisal of the material facts.
G I must then be satisfied that these material facts were obviously undisputed or which should not have been disputed to enable me to appreciate the facts and magnitude of the plaintiff's case better. Only by having such appraisal would I be able to consider the defendant's application adequately, completely and sustainably. Only then would the exercise of my discretion,
H or otherwise, under O. 14A is correct. This is the instructive principle laid down by the Court of Appeal in *Affin Credit (1991) Sdn Bhd v. Dato' Hj Raun Djalil Atmosumarto* [2004] 4 CLJ 337. I had done precisely that. I have appraised myself with the facts and magnitude of the plaintiff's case and the defendant's defence.

I

[48] I further found that the defendant had not met the requirements laid down by the Federal Court in *Thein Hock Teck* (*supra*) and did not fulfill the tests as laid out in *Director of Forests, Sarawak & Anor v. Racha Ak Urud @ Peter Racha Urud* (*supra*), in that the facts and issues involved in the action brought against the defendant were in dispute. And these facts were interwoven with the issues of law.

[49] With those findings, I concluded that the questions raised by the defendants in its application involved mixed questions of facts and law that could be justly determined after this court having the benefit of hearing evidence of witnesses at a full trial.

[50] It follows therefore that the defendant's application must be dismissed. So I ordered, with costs of RM10,000.